

**THE AIR QUALITY IMPROVEMENT PROGRAM
2009 AIR QUALITY LOAN PROGRAM
REQUEST FOR PROPOSALS**

California Air Resources Board
March 30, 2009

Table of Contents

| | Page |
|-------------------------------------------------|-------------|
| I. BACKGROUND | 1 |
| II. ELIGIBILITY CRITERIA | 3 |
| III. FUNDING | 4 |
| IV. APPLICANT QUALIFICATION REQUIREMENTS | 6 |
| V. APPLICATION PROCESS | 7 |
| VI. PROPOSAL SCORING GUIDELINES | 7 |
| VII. APPLICANT WORKSHOP | 9 |
| VIII. REPORTING REQUIREMENTS | 10 |
| IX. DISBURSEMENT OF FUNDS | 11 |
| X. DEFINITIONS | 11 |
| XI. CONTACT PERSON | 13 |

I. BACKGROUND

Although they comprise a small percentage of all mobile and portable engines in California, diesel engines produce approximately 50 percent of the emissions of oxides of nitrogen (NO_x) and 45 percent of the combustion-generated particulate matter (PM) from such engines. NO_x is a constituent of smog and PM is linked to a wide range of serious health problems. Diesel PM has also been classified as a toxic air contaminant capable of causing cancer. Over time these emissions are decreasing as older diesel engines are retired and replaced with newer models meeting more stringent emission standards. However, the turnover rate for diesel engines is slow so the full benefits of cleaner technologies will not be realized for decades.

On-Road Heavy-Duty Vehicle Regulations

On December 12th, 2008, the Air Resources Board (ARB) adopted two regulations that will significantly reduce emissions from both new and in-use heavy-duty diesel trucks and trailers. The first regulation is the Statewide In-Use Truck and Bus Regulation. This regulation requires, for near-term compliance, the installation of ARB-verified exhaust retrofit devices to reduce toxic PM emissions from in-use heavy-duty trucks and buses starting as early as 2011. Small fleets, including those with three or fewer vehicles, will have until 2014 to begin compliance with regulatory requirements. Longer-term compliance for all fleets would necessitate fleet turnovers to engines meeting the 2007 or 2010 emission standards. This could be accomplished through a number of phase-in provisions and compliance options. Information about the Statewide In-Use Truck and Bus Regulation is available at:

<http://www.arb.ca.gov/msprog/onrdiesel/onrdiesel.htm>

The second regulation is the Heavy-Duty Vehicle Greenhouse Gas (GHG) Emission Reduction Regulation. The regulation focuses new and existing 53-foot or longer box-type trailers and the tractors that pull them. The regulation would reduce GHG emissions by requiring some of the new and existing on-road tractors and trailers operating on California highways to be equipped with technologies that would result in reduced GHG emissions. The regulation requires the use of SmartWay certified tractors and trailers, SmartWay approved aerodynamic technologies and low-rolling resistance tires. Examples of aerodynamic technologies include integrated roof fairings on sleeper-cab tractors; and side skirts, gap fairings, and rear trailer fairings on box-type trailers.

The regulation applies to both California-registered and out-of-state-registered tractors and trailers. Information about the Heavy-Duty Vehicle Greenhouse Gas Reduction Regulation is available at: <http://www.arb.ca.gov/cc/hdghg/hdghg.htm>

Financial Assistance Programs

While ARB's existing incentive grant programs, such as the Carl Moyer Program, have a proven success record in accelerating fleet replacements to newer, cleaner vehicles, funding opportunities are limited by statutory requirements to achieve surplus emission reductions, i.e., reductions that occur early and/or are in excess to what is required by regulation. To supplement existing incentive grant programs, staff is developing an innovative air quality loan program to provide an additional financial assistance tool to regulated fleets.

Three pieces of recent legislation provide the initial program funding and basic framework for ARB's loan program:

- Assembly Bill 118 (AB 118; Chapter 750, Statutes of 2007) establishes the ARB's Air Quality Improvement Program (AQIP), which provides the loan program's initial funding allocation through a one-time 2008-2009 fiscal year State budget appropriation.
- Assembly Bill 109 (AB 109; Chapter 313, Statutes of 2008) expands AQIP to include revolving loans, loan guarantees, or other appropriate funding measures, thereby providing ARB the legislative authority to implement an air quality loan program.
- Assembly Bill 1338 (AB 1338; Chapter 760, Statutes of 2008) prescribes the basic air quality loan program criteria and prioritizes funding to trucking fleets with less than three vehicles, to fleet owners that demonstrate financial hardship, or to trucking fleets used in short-haul operations.

The 2008-09 FY State budget contains approximately \$42 million to fund a heavy-duty vehicle air quality loan program to assist on-road fleets affected by the two regulations discussed above. To implement the air quality loan program as mandated by the authorized statutes presented above, staff is developing two distinct but complementary loan programs.

CalCAP Air Quality Loan Guarantee Program

The first component is a loan guarantee program that is being developed in partnership with the California Pollution Control Financing Authority (CPCFA) within the State Treasurer's Office to tailor a program to meet the specific needs of the heavy-duty vehicle sector. This loan guarantee program is modeled after the CPCFA's highly successful California Capital Access Program (CalCAP), which has created a stable financing structure that enables lenders to provide competitive rate loans to small businesses that fall just outside of conventional underwriting standards.

Loan guarantees are advantageous for two primary reasons. First, by reducing the financial risk to lenders, they create opportunities for borrowers that fall slightly below normal lending criteria and may not otherwise qualify for loans to obtain affordable financing packages. Second they provide an inherent benefit of

fund leveraging to significantly increase the amount of funds available for direct loans to fleet owners. The target borrower is not a fleet owner with a poor credit profile and a high risk of loan default, but instead is the small fleet owner that needs some extra assistance to access financing, especially in the current tight credits market. Fleet owners that are interested in obtaining a loan to upgrade their heavy-duty trucks through this loan guarantee program would apply through a CalCAP participating bank, or through a truck dealership that already established truck loan referral arrangements with a CalCAP bank.

Air Quality Loan (AQL) Program

This solicitation is seeking proposals to develop and implement an air quality loan program to supplement the CalCAP Air Quality Loan Guarantee program discussed above. One of the main objectives of this request for proposals is to expand the overall scope of financing programs to reach more potential fleet owners that could utilize financial assistance to upgrade their fleets. Another objective of this solicitation is to seek a loan financing model that is distinct from the CalCAP loan guarantee model discussed above. Thus, successful implementation of an alternative air quality loan model, or models, as a result of this Request for Proposals (RFP) will expand both the available loan financing mechanisms and the pool of potential eligible borrowers that could be assisted with State funds.

II. ELIGIBILITY CRITERIA

Eligible Projects

Funds from the AQL Program are intended to be used only to help finance the cost to purchase and install eligible projects, as defined in Section X, which include the purchase of reduced emission heavy-duty vehicles that are certified to meet the 2007 and later model year emission standards and/or retrofit technologies. If selected to receive a Grant award through this RFP, the successful applicant will issue loans or leases in accordance with the criteria of the AQL program to finance eligible projects, either for individual technologies or a combination of technologies, to help fleet owners comply with the aforementioned two on-road heavy-duty vehicle regulations.

While the list of eligible projects, as defined, presents examples of the range of products eligible for financing, it is by no means prescriptive. The actual product package that could be eligible for financing under the AQL program would depend on the compliance path used by a particular fleet, which will determine what products a fleet owner would need.

Eligible Fleets

The target fleet for ARB's loan program is the "nearly-bankable" fleet owner who is unable to obtain affordable financing in today's tight credit market. Table 1 provides an example of that portion of the credit risk spectrum that is the focus of

Table 1
APPROXIMATE CREDIT RISK¹

| Credit Risk | FICO | Bankruptcy or Collection | Delinquent by 30 days | Delinquent by more than 60 days | Number of Years in Business | Loan-to- value of collateral (%) | Debt-to- income ratio (%) | Debt- to- worth ratio |
|--------------------|---------|-----------------------------|--------------------------|---------------------------------------|-----------------------------------|-------------------------------------------|---------------------------------|--------------------------------|
| GOOD | >720 | N | N | N | >5 | <60 | <40 | 1:1 |
| NEARLY BANKABLE | 640-700 | N | Y | N | 3-5 | 61-70 | 41-70 | 3:1 |
| POOR | <620 | Y | Y | Y | <3 | >70 | >70 | >3:1 |

the ARB's program. This table provides an example profile of anticipated credit risk for the "nearly-bankable" borrowers for which the program would likely provide access to loans. Due to today's changing economic climate, these credit values may shift such that a borrower with a credit score that could previously be considered in the "good" category may not be able to qualify for loans. Because of that reason, it is worth re-emphasizing that the credit ranges shown in Table 1 are intended only to illustrate the concept of the "nearly bankable" credit risk compared to "good" and "poor" credit risks. The ARB expects that the applicant to this solicitation would submit specific credit profiles or targets that they intend to provide loan financing as an integral component of the proposal.

As bound by the governing statutes, the AQL program will provide loan financing for fleet owners of heavy-duty vehicles, including short-haul fleets, that are subject to the requirements of either or both of the two on-road heavy-duty vehicle regulations that were presented in Section I of this RFP. In addition, the fleet owner must be a small fleet, which is statutorily defined as having fewer than three heavy-duty vehicles. However, through the "financial hardship" criterion of AB 1338, the AQL program will expand eligibility to fleets with 20 or fewer vehicles, which would provide more fleets access to loans within the program. Moreover, loan funding priority is to be given to fleets that are classified as small businesses that operate the majority of the time in California.

III. FUNDING

A. Available Funding

The 2008-09 FY State budget contains approximate \$42 million to fund a heavy-duty vehicle air quality loan program to assist on-road fleets affected by the two heavy-duty vehicle regulations discussed previously. ARB has earmarked up to \$10,000,000 for the AQL program through this solicitation. The available funds are to be awarded as follows. Depending on the number of qualifying proposals that received a score of 50 points or higher out of 100 points, the ARB will determine the number of highest-ranked proposals that will be eligible to receive grants to administer and implement the AQL program. Based on the quality of

¹ This table provides an example of credit risk profile for the "nearly-bankable" borrowers for which the program could provide priority loan access. The actual loan evaluation and approval process will depend on the specifics of the proposals that were selected to receive Grant award from this RFP.

the highest-ranked proposals and other factors, the ARB may choose only one proposal, or up to three proposals, to award funding. If only one proposal is selected to receive award, the entire Grant associated with this solicitation will be awarded to the selected proposal. If two proposals are selected to receive awards, the highest-ranked proposal will receive 60 percent of the award and the second highest-ranked proposal will receive 40 percent of the award. If three proposals are selected to receive awards, the highest-ranked proposal will receive 50 percent of the award, the second highest-ranked proposal will receive 30 percent of the award, and the third highest-ranked proposal will receive 20 percent of the award. In case of a tie, the proposal with the highest level of documented and verifiable leveraged funds will be selected. If there is still a tie after using the fund leveraged tie breaker criterion, then the proposal that received the most points for the "Program Implementation Plan" category will be selected. The ARB reserves the right to modify these award percentages for each qualifying proposal, based on the lending and administrative capacity of the applicants with the winning proposal(s) and/or other factors. The ARB also reserves the right to reject all applications and make no awards under this solicitation or to make fewer awards than anticipated.

B. Funding Requirements

The funding from this RFP is awarded to applicant(s) with the highest-ranked proposal(s) in the form of grants. As such, Grant recipient(s) would not be expected to repay the Grant award(s), either in whole or in part, provided the Grant recipient(s) complies with the provisions shown below, and other provisions, as applicable, in the Grant Agreement that the applicant will enter with the ARB prior to Grant disbursement. Notwithstanding the foregoing, if the applicant wishes to terminate its participation or if the ARB wishes to terminate the applicant's participation in the AQL program, for cause or convenience, ARB may seek to recapture the Grant award, or a portion thereof, in accordance with the criteria set forth in the Program Termination section of the Grant Agreement. Applicants receiving grant awards under this RFP must adhere to the following funding requirements, including additional provisions as specified in the Grant Agreement that the successful applicant will enter with ARB prior to Grant disbursement:

- 1) Applicant is required to use the award specifically to make loans, to guarantee loans, and/or as collateral to leverage additional external funds to make loans, to finance the purchase of eligible projects of the types that are described in this RFP.
- 2) Grant award must be deposited in an interest-bearing account at an FDIC-insured financial institution that operates independent from Grantee's control until withdrawn for the purpose of making loans, or to guarantee loans, for the purchase of eligible projects. All interest income generated from any balance of the Grant award that is not used to issue loans must be deposited into the same interest-bearing account to be used for additional loans.

- 3) The principal re-payments from loans that were issued with ARB Grants must be deposited into the same interest-bearing account as specified in section III.B.2) of this solicitation to be used for additional loans.
- 4) Applicant will have full use, in accordance with the provisions as stated in this solicitation and other provisions as applicable in the Grant Agreement, of the Grant award for a minimum period of ten years unless the ARB determines that the applicant did not comply with the performance targets as stated in the applicant's proposal including the performance targets specified in the Scope of Work section of the Grant Agreement. If the ARB determines that performance targets were not achieved, the ARB may require the applicant to return the original Grant award in full, or a portion thereof, as determined, including any interest income earned from the Grant award up to the time of termination.
- 5) After ten years from the date of execution of the Grant Agreement to accept the Grant award, the applicant may continue to use the Grant award to make loans for the purchase of eligible projects as presented in the applicant's proposal to this solicitation. After ten years from the date of execution of the Grant Agreement to accept the Grant award, the applicant may propose different uses for the Grant award to fund different project types. Applicant may use ARB grants to fund different project types only after receiving written approval from the ARB.
- 6) If the applicant wishes to terminate its participation in the AQL program, the applicant must comply with the Program Termination provisions contained in the Grant Agreement that the applicant has entered with the ARB prior to Grant disbursement.

IV. APPLICANT QUALIFICATION REQUIREMENTS

Applicants must meet the minimum eligibility criteria shown below in order to submit proposals in response to this RFP. Proposals must meet the specific requirements stated within this solicitation. Incomplete proposals not meeting the minimum requirements may not receive consideration. ARB staff may request additional information during the application review process, if needed.

Table 2
APPLICANT'S MINIMUM ELIGIBILITY CRITERIA

- Applicant must meet the definition of financial institutions, as defined in Section X of this RFP;
- Applicant must be authorized to provide financing services in California;
- Applicant must have a minimum of 3 years experience in providing loans to the heavy-duty vehicle sector by the closing date of this RFP;
- Applicant must have demonstrated ability and experience in outreaching to the heavy-duty vehicle fleet owners/operators.

V. APPLICATION PROCESS

Applications must be complete and accurate. Omissions, inaccuracies or misstatements may be cause for rejection of a proposal and considered a non-responsive bid. Costs incurred for developing proposals and in anticipation of award are entirely the responsibility of the applicant and shall not be charged to the State of California.

Three copies of the application packet must be signed by the applicant(s) and must be received by ARB **no later than 5:00 PM April 29th, 2009**. Please note that postmark dates will not suffice to meet the stated deadline. Applications that are not signed by the applicant or that are sent via facsimile or email will **not** be accepted. Applications can be mailed or hand delivered to the following address:

U.S. Postal Service Deliveries
Mr. Robert Nguyen
Air Resources Board
Mobile Source Control Division
P.O. Box 2815
Sacramento, CA 95812

Hand Deliveries
Mr. Robert Nguyen
Air Resources Board
Mobile Source Control Division
1001 I Street
Suite 7-72C
Sacramento, CA 95814

VI. PROPOSAL SCORING GUIDELINES

The ARB will conduct an evaluation of each qualifying proposal based on the evaluation criteria described below. ARB, or its designee, reserves the right to request additional documentation pertaining to each proposal prior to selection. The maximum score is 100 points. Qualifying proposals with the highest overall scores and that has received a score of 50 points or higher will be eligible for funding considerations. Additionally, a proposal must be able to score a minimum of 50 percent of the maximum allowable points for each of the three evaluation criteria (Program Development and Administration Plan, Program Implementation Plan, and Fund Leveraging) described below in order to qualify for funding considerations. Up to \$10 million is earmarked for this AQL program. Depending on the number of applications received, the ARB will, at its sole discretion, determine the number of highest-ranked proposals, up to a maximum of three proposals, that will be eligible to receive Grant awards. Notwithstanding the funding percentages specified in Section III.A., the ARB could also, at its own discretion, determine how much Grant award each qualifying proposal will received. ARB reserves the right to request additional information prior to awarding contract.

A. Program Development and Administration Plan – (maximum 50 points)

1. A plan on how the air quality loan program will be designed and administered (25 points). The plan must provide complete program description, including, at a minimum, the following:

- ✓ How much grants the applicant is requesting (applicant may request for the entire \$10 million);
 - ✓ How many loans the applicant anticipates they could make (both as program total and on an annual basis, including sufficient information to demonstrate that the applicant could process and administer the volume of loans presented in the proposal);
 - ✓ Details on targeted truck fleet owner credit profiles that the applicant's proposed program would likely provide loan financing (e.g., credit scores, payment history, business history, etc.);
 - ✓ Details on the proposed loan term(s) and interest rate structure(s) that would enable an eligible borrower to obtain affordable financing (i.e., affordable monthly payments) for the purchase of eligible projects;
 - ✓ Mechanism to leverage funds to maximize the number of loans made for a given amount of Grant received;
 - ✓ Mechanism to incorporate grants or vouchers the borrowers may received into the applicant's loan program proposal;
 - ✓ Program administration and implementation cost structure, including detailed description of how the applicant will be compensated for administering and implementing the proposed loan program; and
 - ✓ Clear timeline for completion.
2. Business history of contracted parties/participants. Documented experience of providing financing to the heavy-duty vehicle sector for a minimum period of three years, particularly financing for vehicles that are subject to the two regulations discussed previously in this RFP (5 points)
 3. Documented experience in obtaining additional leveraged funds to provide financing for heavy-duty vehicle fleets (5 points)
 4. Documented history of the applicant's financial and accounting soundness (e.g., financial audit reports, year end reports or annual financial statements, etc.) (5 points)
 5. Innovative financing proposal or model, distinct from the CalCAP loan guarantee model (5 points)
 6. Long-term benefits. Likelihood and duration of continued program beyond the initial program life (5 points)
- B. Program Implementation Plan – (maximum 30 points)
1. A detailed plan on how the air quality loan program will be implemented statewide (15 points)
 2. A detailed plan on how the applicant intends to outreach and market the air quality loan program to eligible vehicle owner so as to maximize program's awareness and participation rate (10 points)
 3. A detailed plan showing the process for fund recovery in cases of loan defaults so as to minimize the loss of funds (5 points)

C. Fund Leveraging – (maximum 20 points)

Fund leveraging ratio will be determined based on the amount of additional funding that the applicant could secure for use in the AQL program divided by the Grant award the applicant received from this RFP. The additional funds leveraged must be used solely to finance the purchase and installation of eligible projects as described in this RFP. Proof of access to the availability of additional funds, as presented in the applicant's proposal, must be included in the applicant's proposal in order to achieve the maximum points awarded for this criterion. If the applicant does not provide proof of additional leveraged funds, the applicant will receive zero points for this criterion. Some examples of acceptable documentation include: promissory note(s)/letter(s) from bank(s) for line of credits to be used to finance eligible projects equaling the amount of fund leverage committed by the applicant in the proposal, grant contracts, and/or other applicable documentations. The following table shows the point rating system for the fund leveraging criterion:

| <u>Fund Leveraging Ratio</u> | <u>Points Awarded</u> |
|------------------------------|-----------------------|
| 15:1 ratio or greater | 20 points |
| 11:1 ratio to 14:1 ratio | 15 points |
| 7:1 ratio to 10:1 ratio | 10 points |
| Less than 7:1 ratio | 0 points |

VII. **APPLICANT WORKSHOP**

An applicant workshop will be held Wednesday, April 8th, 2009, from 9:30 a.m. to 11:30 a.m. in the Sierra Hearing Room at the Air Resources Board facility located at 1001 I Street, Sacramento, California. Applicants choosing to participate may do so in person or via webcast at the following link

<http://www.calepa.ca.gov/broadcast/?BDO=1>. Webcast participants will be able to ask questions through an email link that will be available on the webcast. The intent of the workshop is to provide potential project applicants with an opportunity to ask clarifying questions regarding general project requirements and specific technology questions. Written questions submitted before the workshop will be given priority. Questions may be e-mailed to Mr. Robert Nguyen at rnquyen@arb.ca.gov. The questions and answers will be posted on the ARB's Loan Program RFP webpage under "Frequently Asked Questions (FAQ)" prior to the workshop. Written questions submitted after the workshop will be answered and added to the FAQ page of the Loan Program RFP webpage on a staff availability basis. Any verbal communication with an ARB employee concerning this solicitation is not binding on the State and shall in no way alter a specification, term or condition of the solicitation.

VIII. REPORTING REQUIREMENTS

Grantee must maintain program's financial and loan data for the life of the program, until all loans have been fully repaid. Grantee must inform the ARB, in writing, of any programmatic or administrative changes that could lead to disruption in program operation which could impact the effective utilization of fund.

Grantee shall provide the ARB project manager with monthly and annual reports. The reports are due on the 15th calendar day following the end of each reporting period. In all cases, the reports shall contain all information required by the ARB including appropriate documentation. The monthly reports shall include, but is not limited to:

- Number of loans applications received for the AQL Program (monthly activity and cumulative activity);
- Number of loans actually made, both with ARB grants and with leveraged funds (monthly activity and cumulative activity);
- Number of loans defaulted (monthly activity and cumulative);
- Dollar amount of loans, both with ARB grants and with leveraged funds (monthly activity and cumulative activity);
- Terms of loans made, including interest rate and length of loans;
- Credit/financial profiles of applicants that were approved or rejected for loans;
- Outstanding grant balance, including applicable interest earnings on grant balance;
- Information for each loan default including business/entity name, original principal loan amount, enrolled loan amount, default amount, dollar amount recovered upon liquidation of defaulted assets;
- A document signed by the applicant's project manager, or designee, verifying that information contained in the report is complete and accurate.

In addition to monthly reports, Grantee for the AQL Program must submit annual progress reports to the ARB for the duration of the program. The annual reports shall contain more detailed information on the program than the monthly reports. In addition to the information required for the monthly reports, the annual reports must contain, at a minimum, summary of the financial data status of the AQL program such as total amount of Grant expended, remaining Grant, total funds leveraged, interest earned on Grant award, as well as any issues that were identified during the implementation phase of the AQL program. In addition to the previously referenced information, the final report will describe the overall implementation of the program, including Grantee's projection of performance targets and recommendations for future efforts. Annual proof of financial statement or independent program audit is also required.

IX. DISBURSEMENT OF FUNDS

Final project selection will be completed by May 29th, 2009, and successful applicants will be notified immediately. Program awards will be made through a Grant Agreement between the ARB and the applicant. Once the Grant award process has been fully executed, payment will be made through a Grant disbursement to Grantee.

Grantee must begin implementing the AQL program as soon as practicable after the Grant Agreement was fully executed, but no later than August 3rd, 2009. Extensions may be granted on a provided a detailed written request is submitted by July 15th, 2009.

X. DEFINITIONS

The following definitions apply to the terms used to describe the requirements for the 2009 Air Resources Board AQL Program RFP:

1. Air district - Air pollution control district or air quality management district.
2. Applicant - Applicant may be an individual, a partnership, a corporation, a cooperative, or any other legal entity that meets the definition of financial institutions, as defined in this RFP. Anyone who owns 20 percent or more of the applicant business is considered to be an applicant principal. All applicant principals must provide financial disclosure. The applicant must designate a main contact person for the proposal. The main contact person must have the legal authority to submit progress reports and sign legal documentation on behalf of all the applicant principals. The applicant must be authorized to do business in the State of California and be in good tax standing with the California Franchise Tax Board.
3. Financial Institutions – A federal or state-chartered bank, savings association, credit union, and not-for-profit community development association certified under Part 1805 (commencing with Section 1805.100) of Chapter XVIII of Title 12 of the Code of Federal Regulations, or a consortium of the foregoing entities. A consortium of such entities may include a non-financial corporation, if the percentage of capitalization by all non-financial corporations in the consortium does not exceed 49 percent.
4. Financial Institutions also includes a lending institution that has executed a participation agreement with the Small Business Administration under the guaranteed loan program pursuant to Part 120 (commencing with Section 120.1) of Chapter 1 of Title 13 of the Code of Federal Regulations, and a small business investment company licensed pursuant to Part 107 (commencing with Section 107.20) of Chapter 1 of Title 13 of the Code of Federal Regulations.

5. Financial Institutions also includes Finance Lenders as defined pursuant to Financial Code Section 22009, or a federally recognized non-profit organization with authority to provide financing services under Financial Code Section 22009, making commercial loans as defined pursuant to Financial Code Section 22502
6. A financial institution described in paragraph (3) and (5) shall have at least one office in the State of California.
7. A financial institution described in paragraph (4) shall be domiciled or have its principal office in the State in California.
8. Eligible Fleet – means a fleet of 20 or fewer heavy-duty vehicles that is subject to the requirements of the ARB’s Statewide In-Use Truck and Bus Regulation and/or the Heavy-Duty Vehicle Greenhouse Gas Emission Reduction Regulation. In addition, eligible fleet must be a small business that operates a majority of the time in California.
9. Eligible Projects – Projects that are used to comply, in whole or in part, with the requirements of the Statewide In-Use Truck and Bus Regulation and/or the Heavy-Duty Vehicle Greenhouse Gas Emission Reduction Regulation. Eligible projects include:
 - Used and new tractors equipped with 2007 – 2009 model year engines certified to engine emission standards of 1.2 g/bhp-hr oxides of nitrogen (NOx) and 0.01 g/bhp-hr particulate matter (PM) or cleaner;
 - New tractors equipped with 2010 and later model year certified engines;
 - New 2011 and later model year sleeper cab tractors that are U.S. EPA SmartWay certified (only applicable if the tractor is used to haul a 53-foot or longer box-type trailer);
 - New 2011 and later model year 53-foot or longer box-type trailers that are U.S. EPA SmartWay certified;
 - U.S. EPA Approved SmartWay aerodynamic technologies (*examples: trailer side skirts, front trailer fairings, rear tail fairings, dual- or single-wide low-rolling resistance tires*);
 - ARB-verified diesel emission control devices (exhaust retrofits).
10. Eligible Vehicles – Vehicles that are subject to the requirements of the Statewide In-Use Truck and Bus Regulation and/or the Heavy-Duty Vehicle Greenhouse Gas Emission Reduction Regulation.
11. Small Business – For the purpose of this RFP, a small business is defined, pursuant to Government Code Section 14837, as an independently owned and operated business, which is not dominant in its field of operation, the principal office of which is located in California, the officers of which are domiciled in California, and which, together with affiliates, has 100 or fewer employees, and average annual gross receipts of ten million dollars

(\$10,000,000) or less over the previous three years, or is a manufacturer, as defined in subdivision (c), with 100 or fewer employees.

12. Voucher Incentive Program – A program that provides a direct financial incentive (in the form of a voucher) to an owner of a small fleet (3 or less vehicles) to replace their older heavy heavy-duty diesel vehicles with cleaner diesel vehicles. Small fleet owners that operate vehicles with 1993 or older model year diesel engines in California 75 percent of the time may be eligible for funding towards the purchase of a vehicle that has a 2007 or newer diesel engine.

XI. CONTACT PERSON

Please contact Mr. Robert Nguyen for questions relating only to the administration and processing of this solicitation. All other questions will be addressed at the applicant workshop. Mr. Nguyen may be reached at:

Mr. Robert Nguyen
Mobile Source Control Division
Air Resources Board
1001 I Street
Sacramento, CA 95812
Phone: (916) 327-2939
Email: rnguyen@arb.ca.gov

For more information regarding the ARB's loan incentives program, please visit the website at: <http://www.arb.ca.gov/ba/loan/loan.htm>